

# COMPLIANCE ALERT

## IRS RELEASES DRAFT FORMS FOR 2020 ACA REPORTING

August 1, 2020

### QUICK FACTS

- The Internal Revenue Service (IRS) recently released draft 2020 Forms 1094-C and 1095-C for Affordable Care Act (ACA) reporting.
- The draft Form 1095-C reflects several substantive updates affecting employers that offer Individual Coverage Health Reimbursement Arrangements (ICHRA).
- The draft Form 1095-C removes Part III from Page 1 and moves it to Page 3.
- The IRS has yet to release draft instructions for the 2020 forms, but it expects to release final 2020 forms and instructions by year end.
- The IRS also issued draft Forms 1094-B and 1095-B.

### Overview

The Internal Revenue Service (IRS) recently released 2020 draft forms for reporting under Internal Revenue Code (Code) Sections 6055 and 6056. The draft instructions for the 2020 forms have not yet been released. The IRS expects to release final 2020 forms and instructions by the end of the year – in time for the next Affordable Care Act (ACA) reporting cycle in early 2021.

- Reporting entities, including self-insured health plan sponsors that are not applicable large employers (ALEs), use Forms [1094-B](#) and [1095-B](#) to report information required under Section 6055.
- ALEs use Forms [1094-C](#) and [1095-C](#) to report information required under Section 6056, as well as information required under Section 6055 for ALEs who sponsor self-insured plans.

The draft 2020 forms are largely similar to the final 2019 versions. On Form 1095-C, Part II is modified to include a field to report an employee's age as of January 1 of the reporting year. Part II now includes new fields to report an employee's ZIP Code, by month, by which may be used by employers that sponsor Individual Coverage Health Reimbursement Arrangements (ICHRA). The embedded instructions also outline a number of new codes that ICHRA plan sponsors may need to report on Part II, Line 14 related to the type of ICHRA coverage offered.

# COMPLIANCE ALERT

## Background

The ACA created reporting requirements under Code Sections 6055 and 6056. Under these rules, certain employers must provide information to the IRS about the health plan coverage they offered or provided (or did not offer or provide) to their employees during the prior calendar year. Each reporting entity must file annually:

- a separate statement (Form 1095-B or Form 1095-C) for each individual who was provided with minimum essential coverage (for providers reporting under Section 6055), or for each full-time employee (for ALEs reporting under Section 6056), respectively; and
- a transmittal form (Form 1094-B or Form 1094-C) applicable to all of the returns filed for a given calendar year with the IRS.

## Due dates

Reporting entities must furnish individual statements (Form 1095-B, 1095-C, or a substitute form) to full-time employees and individuals covered under self-insured health plans. The individual statements are due on or before January 31 of the year immediately following the calendar year to which the statements relate. Reporting entities must file forms with the IRS by February 28 if filed by paper and by March 31 if filed electronically.

## Key changes

While the 2020 draft forms are largely unchanged from the 2019 versions, employers should take note of the following changes to Form 1095-C.

- **Employee's Age on January 1.** Part II of the 2020 draft 1095-C form now requires an employer to enter the employee's age as of the beginning of the calendar year.
- **ZIP Code.** The embedded *Instructions for Recipient* section in draft Form 1095-C indicates that employers that offer ICHRAs to employees must disclose the employees' ZIP Codes if the employer uses the employee's location to determine affordability as provided in IRS proposed regulations. See this EPIC [article](#) for more information about the proposed affordability safe harbors applicable to ICHRAs.
- **Additional codes related to offers of ICHRAs.** The embedded *Instructions for Recipient* section provides a brief description of an additional set of ICHRA-related codes that may be reported on Part II, Line 14 by employers that offer ICHRAs. These codes add to the existing list of codes that employers may use to describe the type of coverage that was offered. The additional codes are used to indicate the various types of ICHRA coverage offered by the employer.
- **Part III moved.** Part III is now on Page 3 in the 2020 draft Form 1095-C.

The 2020 draft instructions for these forms may include additional changes or clarifications. In addition, the IRS may make changes to the draft forms before releasing final 2020 versions.

# COMPLIANCE ALERT

## No changes to reporting requirements

Despite ongoing efforts to repeal or modify the ACA, employers should know that ACA reporting and all other related mandates remain intact and are fully applicable for now. Consequently, ALEs and self-insured health plan sponsors must continue to comply with their ACA-related obligations.

## Additional resources

The IRS previously released the following materials which provide helpful guidance for employers subject to the reporting rules.

- [Q&As on Section 6055](#)
- [Q&As on Section 6056](#)
- A separate set of [Q&As on Employer Reporting using Form 1094-C and Form 1095-C](#)

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